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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEB 3 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

Amendment of Parts 21 and 74 of the  
Commission's Rules with Regard to  
Filing Procedures in the Multipoint  
Distribution Service and in the  
Instructional Television Service

and

Implementation of Section 309(j) of the  
Communications Act-Competitive Bidding

MM Docket No. 94-131

DOCKET FILE COPY DUPLICATE

PP Docket No. 93-253

REPLY COMMENTS OF THE  
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

In this Notice of Proposed Rule Making, FCC 94-293, released December 1, 1994, NPRM, the Commission seeks to streamline the application procedures for new facilities in the Multipoint Distribution Service ("MDS") and adopt competitive bidding procedures consistent with Section 309(j) of the Communications Act.

The National Telephone Cooperative Association ("NTCA") is a national association representing approximately 500 small and rural independent local exchanges carriers ("LECs") providing telecommunications services to interexchange carriers and subscribers throughout rural America. Some NTCA LEC members provide or are interested in providing MDS/MMDS service. These companies are rural telephone companies under Section 309(j) and all but a few meet the definition of a small business established in the Fifth Report and Order in In the Matter of Section 309(j) of the Communications Act-Competitive Bidding. (Fifth Report and

Order)<sup>1</sup> NTCA generally supports the Commission's efforts to streamline new applications for MDS. Streamlining and the reduction of unnecessary regulatory burdens will foster the quick delivery of services to the public, especially in rural areas where wireless cable services like MDS/MMDS may be the only video programming that the public receives.

In its comments, the Rural Wireless Cable Coalition urges the Commission to award bidding preferences to qualifying rural telephone companies when it auctions MDS and MMDS spectrum. Rural also urges the Commission to accord qualifying rural telephone companies small business treatment if they meet the small business definition for the service.<sup>2</sup> NTCA supports these comments. The Wireless Cable Association International, Inc. states that the initial cost of starting a wireless system, before adding the first subscriber, can range from just under \$1 million for a small unsophisticated rural system, to several million dollars for a state-of-the-art major market facility. It states that this need for substantial capital justifies a small business definition identical to the \$40 million gross revenue standard adopted in the Fifth Report and Order.<sup>3</sup> If the Commission adopts this standard it should also make it clear that rural telephone companies that bid for spectrum to provide

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<sup>1</sup> 9 FCC Rcd 5532 (1994).

<sup>2</sup> Comments of Rural at 8-10.

<sup>3</sup> Wireless Comments at 62-63.

MDS\MMDS can utilize all preferences adopted for entities meeting this gross revenue standard.

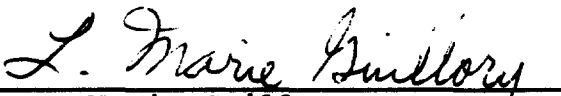
Rural telephone companies enjoy no unique advantages over other small businesses of similar size with respect to the provision of MDS\MMDS. The Commission should therefore accord them the same treatment as other small businesses. Those rural companies interested in providing MDS\MMDS service should be encouraged rather than handicapped. These companies are local businesses with a strong commitment to the communities where they have traditionally provided telephone service. Policies which promote their ownership of MDS\MMDS systems will fulfill the Commission's interest in promoting competition and assuring that the public has a choice of a multiplicity of multichannel video and information providers. In instances where CATV systems have not been built because of high costs or difficult terrain, MDS\MMDS may indeed be the only multichannel video programming service feasible. While competition may not be readily achieved in those instances other Commission goals will be promoted. Section 309(j) requires that Commission competitive bidding procedures promote the rapid deployment of spectrum based technologies to the public residing in rural areas.

According small business treatment to qualifying rural telephone companies will promote this objective if the Commission decides to proceed with auctions for new applications.

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February 3, 1995

CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Reply Comments of the National Telephone Cooperative Association in MM Docket No. 94-131 PP Docket No. 93-253 was served on this 3rd day of February 1995, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached service list:

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